

**Internal Revenue Service**

Department of the Treasury

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Washington, DC 20224

Person to Contact:

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Refer Reply To:

CC:DOM:P&SI:Br.6-COR-114361-00

Date:

July 28, 2000

Number: **INFO 2000-0206**

Release Date: 9/30/2000

Re: Request to Revoke Section 179 Election

Tax Year 1997 & 1998

Dear [REDACTED]:

This letter is in response to a letter dated July 13, 2000, submitted on behalf of [REDACTED] (Taxpayer) and addressed to Commissioner of Internal Revenue, requesting permission to revoke the election made under section 179 of the Internal Revenue Code on 1997 and 1998 federal income tax returns of a partnership. Most of the deductions were allocated to limited partners who could not use the deductions. As discussed below, in order for us to respond to the Taxpayer's request, it must be submitted as a request for a private letter ruling under the requirements of section 8 of Revenue Procedure 2000-1, 2000-1 I.R.B. 4.

Rev. Proc. 2000-1 provides the general procedures the Internal Revenue Service follows in issuing rulings and the related instructions for submission of ruling requests by taxpayers. In addition, taxpayers are required by statute to pay user fees for requests for letter rulings. Under section 15 of Rev. Proc. 2000-1, the user fee must accompany the request in order to be processed by the Service. In general, the user fee for private letter rulings is \$5,000. However, there is a reduced fee of \$500 for a request involving a business related tax issue from a taxpayer with a gross income of less than \$1 million. See Appendix A of Rev. Proc. 2000-1.

Enclosed are copies of Rev. Proc. 2000-1, section 179(c) of the Internal Revenue Code and section 1.179-5 of the Income Tax Regulations. Under section 179(c)(2) of the Code, an election made under section 179, and any specification contained in any such election, may not be revoked except with the consent of the Commissioner. Such consent to revoke an election under section 179, however, will be granted only in extraordinary circumstances (Emphasis added). See section 1.179-5(b) of the regulations. Generally, the inability of the limited partners to utilize a section 179 deduction is not considered an extraordinary circumstance.

If you decide to request a private letter ruling, section 8 of Rev. Proc. 2000-1 provides information on how to prepare the request and section 8.03(1) in particular provides instructions on where the request should be sent.

Please note that this letter has called your attention to certain general principle of tax law. It is intended for informational purposes only and does not constitute a ruling. See sections 2.01 and 2.04 of Rev. Proc. 2000-1. We hope the materials enclosed will be helpful to you; however, if you should have any additional questions or comments, please contact our office at (202) 622-3110.

Sincerely,

CHARLES B. RAMSEY

CHARLES B. RAMSEY  
Chief, Branch 6  
Office of Associate Chief Counsel  
(Passthroughs and Special Industries)

Enclosures (3):

copy of section 179(c) of the Internal Revenue Code  
copy of section 1.179-5 of the Income Tax Regulations  
copy of Revenue Procedure 2000-1